




INTERNAL FACTORS AFFECTING PERCEIVED IMPACT OF ICT ON RURAL BUSINESS POTENTIAL: THE MEDIATING ROLE OF PRODUCTIVE INTERNET USAGE



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ABSTRACT

Article History

Received: 1 May 2020

Revised: 6 June 2020

Accepted: 10 July 2020

Published: 29 July 2020

Keywords

Productive internet usage
Rural business potential
Internal factors of internet
adoption.

This paper aims to find out the mediating effect of productive internet usage in the relationship between internal factors of internet adoption and perceived rural business potential impact of Information and Communication Technology (ICT). Internal factors investigated in this study are perceived ease of use of ICT, perceived usefulness of ICT, and ICT literacy. The expected outcome is perceived impact of ICT on rural business potential, while productive internet usage act as the mediator variable in this study. The findings show that productive internet usage mediates the effect of the three internal factors on the expected outcome. This study shows the important of creating more opportunity for the community members to get more exposure to the productive internet usage and its benefit, especially in increasing business potential. Besides that, through the mediation model analysis, this study helps to assess the effectiveness of internet usage for rural business potential and give an insight of how productive internet usage plays its role in mediating the impact of internal factors on the perceived impact of ICT on rural business potential.

Contribution/ Originality: This study contributes a mediation model of perceived rural business potential impact of ICT, which give a comprehensive perspective on examining the intervening effect of productive internet usage on the community's perception about the impact of ICT on rural business potential.

1. INTRODUCTION

The usage of internet for business purposes has currently become a trend among the entrepreneurs. The social media such as Facebook and Instagram for instance, has provide a platform for the entrepreneur to market their product through Facebook Marketplace, and enable them to create a business profile on these platforms. This expand the opportunity for the local entrepreneurs to reach their potential customer. This paper focus into the mediating role of productive internet usage in the relationship between the internal factors of internet adoption and the perceived impact of ICT on rural business potential. It takes into consideration perceived usefulness of ICT, perceived ease of use of ICT, and ICT literacy as the determinant, productive internet usage as the intervening variable, and rural community's perception on the impact of ICT on business potential in the rural community as the outcome.

Productive Internet usage in this study refers to the extent to which an individual in the community uses the Internet in their daily lives productively. Rogers (2003) defines innovation diffusion as the decision of an individual to make use of an innovation as the best course of action available, which in this study, Internet adoption is the innovation. In this study, productive internet usage was measure by the usage of internet for work, business, education, e-government, e-banking, e-health, and news reading, while business potential refers to the production and sales of local product including agricultural product.

This study integrates productive internet usage as a mediator. According to Kenny (2018) a mediator variable explains the relationship between the dependent variable and the independent variable, in which the process of complete mediation is defined as the complete intervention caused by the mediator variable. A mediation effect will most probably occur when the relationship between the determining factor and mediator, as well as the relationship between the mediator and the dependent variable are established. Kenny (2018) Therefore, previous research on the determining factor and productive internet usage, as well as productive internet usage and its impact on cottage were referred to establish a new mediation model for this research Figure 1.

Numerous studies have been published in recent years about ICT or Internet diffusion (Adila, Nor'izah, & Habee, 2013; Huda et al., 2010). However, they were mostly focusing more on the impact and challenges of the Internet adoption. In contrast to that, through the mediation model analysis, this paper helps assessing the effectiveness of internet usage for rural business potential. See Figure 1.

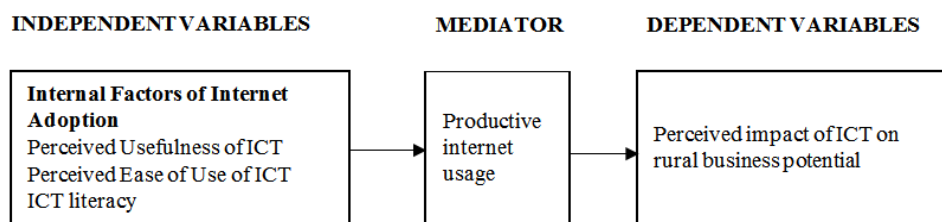


Figure-1. Conceptual framework

1.1. Objectives of the Study

1.1.1. Main Objective

To find out if productive internet usage mediates the relationship between internal factors of internet adoption and perceived rural business potential impact of ICT.

Specific objectives:

1. To find out if productive internet usage mediates the relationship between perceived usefulness of ICT and perceived rural business potential impact of ICT.
2. To find out if productive internet usage mediates the relationship between perceived ease of use of ICT and perceived rural business potential impact of ICT.
3. To find out if productive internet usage mediates the relationship between ICT literacy and perceived rural business potential impact of ICT.

2. LITERATURE REVIEW

2.1. World Overview

The role of the internet has reached a new dimension in our lives. Globally, the internet user has increased 2.4 per cent over the past year, amounted 124 million users in overall (Kemp, 2020) and 59 per cent online penetration rate (Clement, 2020). The internet has become a fundamental pillar of the modern information society, with its potential in connecting billions of people worldwide (Clement, 2020). The largest number of internet users is recorded in Asia Region, which amounted to 2.3 billion.